

HANDS ON NEW ORLEANS, INC.

**FINANCIAL STATEMENTS
AND
REPORT TO BOARD**

June 30, 2010 and 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/6/11

HANDS ON NEW ORLEANS, INC.

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CLIFTON W. NEWLIN
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JON S. FOLSE



WEGMANN DAZET & COMPANY

MARK D. BOHNET
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Hands on New Orleans

We have audited the accompanying statements of financial position of Hands on New Orleans, Inc. (a nonprofit organization) as of June 30, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our June 30, 2010 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2010, on our consideration of Hands on New Orleans, Inc.'s control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

We conducted our June 30, 2009 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hands on New Orleans, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

November 9, 2010

Wegmann Dazet & Company

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HANDS ON NEW ORLEANS, INC.
STATEMENTS OF FINANCIAL POSITION

June 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 262,066	\$ 448,554
Accounts receivable	24,593	49,008
Prepaid expenses	7,074	-
Total current assets	<u>293,733</u>	<u>497,562</u>
Property and equipment, at cost less accumulated depreciation	23,998	30,965
Deposits	<u>5,499</u>	<u>3,000</u>
Total assets	<u><u>\$ 323,230</u></u>	<u><u>\$ 531,527</u></u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 7,854	\$ 8,391
Accrued expenses	2,125	3,769
Deferred revenue	19,933	-
Other current liabilities	988	2,725
Total current liabilities	<u>30,900</u>	<u>14,885</u>
NET ASSETS		
Net assets		
Unrestricted	207,373	362,948
Temporarily restricted	84,957	153,694
Total net assets	<u>292,330</u>	<u>516,642</u>
Total liabilities and net assets	<u><u>\$ 323,230</u></u>	<u><u>\$ 531,527</u></u>

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

	Unrestricted	Temporary Restricted	Total
Revenues			
Community engagement	\$ -	\$ 95,427	\$ 95,427
Fundraising	1,167	-	1,167
General and administrative	211,324	-	211,324
Hands at work	-	230,810	230,810
School connect	-	23,396	23,396
Service days	-	36,234	36,234
Volunteer housing	126,955	-	126,955
Principal for a day	-	4,416	4,416
Net assets released from restrictions	459,020	(459,020)	-
Total revenue	798,466	(68,737)	729,729
Expenses			
Program services			
Community engagement	176,675	-	176,675
Fundraising	69,924	-	69,924
General and administrative	339,758	-	339,758
Hands at work	185,830	-	185,830
School connect	35,176	-	35,176
Service days	42,768	-	42,768
Volunteer housing	78,386	-	78,386
Principal for a day	25,524	-	25,524
Total expenses	954,041	-	954,041
Change in net assets	(155,575)	(68,737)	(224,312)
Net assets			
Beginning of year	362,948	153,694	516,642
End of year	\$ 207,373	\$ 84,957	\$ 292,330

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total</u>
Revenues			
Community engagement	\$ -	\$ 228,741	\$ 228,741
Fundraising	-	-	-
General and administrative	397,016	68,520	465,536
Hands at work	-	336,536	336,536
School connect		24,000	24,000
Service Days		72,758	72,758
Volunteer housing	142,261	22,501	164,762
Net assets released from restrictions	<u>644,105</u>	<u>(644,105)</u>	<u>-</u>
Total revenue	<u>1,183,382</u>	<u>108,951</u>	<u>1,292,333</u>
Expenses			
Program services			
Community engagement	199,662	-	199,662
Fundraising	24,753	-	24,753
General and administrative	283,262	-	283,262
Hands at work	208,738	-	208,738
School connect	11,975	-	11,975
Service Days	37,879	-	37,879
Volunteer housing	<u>109,346</u>	<u>-</u>	<u>109,346</u>
Total expenses	<u>875,615</u>	<u>-</u>	<u>875,615</u>
Change in net assets	307,767	108,951	416,718
Net assets			
Beginning of year	<u>55,181</u>	<u>44,743</u>	<u>99,924</u>
End of year	<u>\$ 362,948</u>	<u>\$ 153,694</u>	<u>\$ 516,642</u>

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2010

	Community Engagement	Fundraising	General and Administrative	Hands at Work	School Connect	Service Days	Volunteer Housing	Principal for a Day	Total Expenses
Accounting	\$ -	\$ -	\$ 17,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,183
Advertising	-	77	805	-	-	-	-	3,367	4,249
Americorp stipends	51,942	-	9,896	41,269	9,237	14,019	13,500	2,500	142,363
Americorp benefits	-	-	17,253	-	-	-	-	-	17,253
Bank service charge	-	-	316	-	-	-	399	-	715
Building repairs	325	-	155	84	-	-	545	-	1,109
Contract services	-	-	2,789	-	-	-	-	-	2,789
Development	-	25	1,190	-	-	-	-	-	1,215
Depreciation	-	-	6,967	-	-	-	-	-	6,967
Dues and subscriptions	-	-	2,943	-	-	-	-	-	2,943
Employee benefits	10,384	3,953	(2,204)	9,449	2,754	2,334	2,168	350	29,188
Equipment repairs	81	-	-	-	-	-	-	-	81
Information technology	848	-	11,855	-	-	-	621	-	13,324
Insurance	6,475	1,499	60,959	7,627	1,770	1,381	1,209	18	80,938
Meals and entertainment	277	-	2,058	260	-	3,341	10,581	7,374	23,891
Meeting	97	343	2,178	-	-	60	10	-	2,688
Office supplies	290	-	5,749	879	-	4	719	555	8,196
Other expense	41	-	4,615	1,288	-	231	1,715	600	8,490
Parking and tolls	22	-	63	43	-	7	-	1,327	1,462
Payroll service fees	-	-	4,263	-	-	-	-	-	4,263
Payroll taxes	7,511	4,198	14,451	6,802	2,181	1,782	1,479	455	38,859
Postage and delivery	10	14	291	40	-	12	2	38	407
Printing and reproduction	338	1,194	1,002	-	-	-	-	860	3,394
Project materials and supplies	31,111	433	2,433	66,351	-	10,812	539	5,302	116,981
Rent expense	18,375	-	28,938	-	-	-	35,610	-	82,923
Salary and wages	42,894	58,161	124,123	45,728	19,234	8,147	4,477	2,499	305,263
Telephone	923	-	9,879	860	-	340	629	-	12,631
Travel	803	27	5,463	985	-	233	452	279	8,242
Utilities	3,735	-	4,145	-	-	-	3,731	-	11,611
Vehicle maintenance	193	-	-	4,165	-	65	-	-	4,423
Total expenses	\$ 176,675	\$ 69,924	\$ 339,758	\$ 185,830	\$ 35,176	\$ 42,768	\$ 78,386	\$ 25,524	\$ 954,041

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2009

	Community Engagement	Fundraising	General and Administrative	Hands at Work	School Connect	Service Days	Volunteer Housing	Total Expenses
	\$	\$	\$	\$	\$	\$	\$	\$
Accounting	-	-	18,853	-	-	-	-	18,853
Advertising	32	-	3,391	896	-	1,203	-	5,522
Americorp stipends	32,928	-	1,644	25,731	-	5,538	9,000	74,841
Bank service charge	-	-	370	20	-	-	-	390
Building repairs	5,538	-	860	14	-	-	1,417	7,829
Contract services	28,491	-	9,800	1,200	-	1,986	7,950	49,427
Development	-	-	3,015	-	-	-	198	3,213
Depreciation	-	-	4,436	-	-	-	-	4,436
Dues and subscriptions	-	-	1,173	-	-	-	-	1,173
Employee benefits	7,054	2,213	26,847	5,935	-	873	1,148	44,070
Equipment	-	-	-	1,329	-	-	-	1,329
Equipment repairs	-	-	60	-	-	141	-	201
Information technology	80	-	2,360	-	540	-	650	3,630
Insurance	7,508	619	49,444	9,120	116	588	5,374	72,769
Meals and entertainment	1,751	-	4,340	2,940	-	2,250	12,820	24,101
Meeting	-	-	2,414	26	-	1,200	-	3,640
Office supplies	381	-	6,789	(253)	-	33	224	7,174
Other expense	-	-	1,226	779	-	322	33,241	35,568
Parking and tolls	-	-	167	-	-	2	-	169
Payroll service fees	-	-	1,732	-	-	-	-	1,732
Payroll taxes	4,936	1,510	9,722	3,637	797	437	882	21,921
Postage and delivery	-	6	1,287	-	-	204	-	1,497
Printing and reproduction	113	319	1,032	-	1	536	-	2,001
Project materials and supplies	63,007	111	2,900	129,277	7	21,619	479	217,400
Rent expense	9,000	-	27,500	-	-	-	27,000	63,500
Salary and wages	31,963	19,975	79,441	22,133	10,412	181	3,265	167,370
Telephone	1,242	-	10,253	2,052	80	-	1,483	15,110
Travel	3,676	-	4,398	1,783	22	589	249	10,717
Utilities	1,295	-	6,060	-	-	-	2,793	10,148
Vehicle maintenance	667	-	1,748	2,119	-	177	1,173	5,884
Total expenses	\$ 199,662	\$ 24,753	\$ 283,262	\$ 208,738	\$ 11,975	\$ 37,879	\$ 109,346	\$ 875,615

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ (224,312)	\$ 416,718
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	6,967	4,436
Donated vehicles and equipment included in contributions	-	(42,147)
Loss on the disposal of assets	-	5,656
(Increase) decrease in operating assets:		
Receivables	24,415	(49,008)
Prepaid expenses	(7,074)	-
Deposits	(2,499)	(3,000)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(2,181)	12,160
Deferred revenue	19,933	-
Other current liabilities	(1,737)	2,604
Net cash (used) provided by operating activities	<u>(186,488)</u>	<u>347,419</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(7,700)
Proceeds from disposal of assets	-	8,790
Net cash provided by investing activities	<u>-</u>	<u>1,090</u>
Net (decrease) increase in cash	(186,488)	348,509
Cash and cash equivalents at beginning of year	<u>448,554</u>	<u>100,045</u>
Cash and cash equivalents at end of year	<u>\$ 262,066</u>	<u>\$ 448,554</u>

See accompanying Notes to Financial Statements.

HANDS ON NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2010 and 2009

1) Nature of activities

Hands On New Orleans (the "Organization") is a non-profit organization established in 2008 to transform communities through volunteer service and leadership development. Hands On New Orleans envisions Greater New Orleans as a hub of civic-minded individuals that take action through service to meet critical community needs.

2) Summary of significant accounting principles

Significant accounting policies are summarized below.

a) Financial statement presentation

The Organization's policy is to prepare its financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred.

b) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents.

c) Accounts receivable

The Organization writes off uncollectible accounts as they are identified. No amounts were written off in the year ending June 30, 2010 and 2009. No allowance for uncollectible accounts has been provided, as management has evaluated the accounts and believes they are all collectible.

d) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e) Property and equipment

Property and equipment are carried at cost. Depreciation of property is provided over the estimated useful lives of the assets using the straight-line method. Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the assets carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. The estimated useful lives of depreciable assets are:

	<u>Useful Lives</u>
Office equipment	5 years
Vehicles	5 years

HANDS ON NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2010 and 2009

2) Summary of significant accounting principles (continued)

f) Description of net assets classification

Financial Accounting Standards Board Accounting Standards Codification "ASC" 958, *Financial Statements for Not-for-Profit Centers*, requires the net assets and changes in net assets be reported for three classifications – permanently restricted, temporarily restricted and unrestricted based on the existence or absence of donor imposed restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets. Funds received with the stipulation that the funds be returned if specified future events fail to occur are accounted for as refundable advances until the conditions have been substantially met.

g) Concentration of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. The Organization at times has cash on deposit at financial institutions that may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization has not experienced any losses in such accounts. The Organization has no policy requiring collateral or other security to support its deposits.

h) Income taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code.

The Organization adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*, on January 1, 2009. Management of the Organization believes there is no material uncertain tax position and, accordingly it will not recognize any liability for unrecognized tax benefits.

3) Property and equipment

Property and equipment is summarized as follows:

	<u>2010</u>	<u>2009</u>
Equipment	\$ 10,242	\$ 10,242
Vehicles	<u>24,591</u>	<u>24,591</u>
Total cost	34,833	34,833
Less accumulated depreciation	<u>10,835</u>	<u>3,868</u>
Property and equipment	<u>\$ 23,998</u>	<u>\$ 30,965</u>

HANDS ON NEW ORLEANS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2010 and 2009

4) Operating lease

The Organization leases office space for its headquarters. The lease payments are \$2,499 per month. The lease expires January 2012 and unless written notice is given prior to the end of the term, the lease will be on a month to month basis thereafter. Future minimum rental payments under the lease are as follows:

<u>Year Ending</u>	<u>Amount</u>
2011	\$29,988
2012	17,493

5) Restrictions on net assets

The Organization organizes many volunteer service opportunities in the New Orleans area. The organization has many programs which help volunteers take action through service to meet critical community needs.

Temporarily restricted net assets are available for the following programs:

	<u>2010</u>	<u>2009</u>
Community Projects	\$ 15,374	\$ 9,610
Service Days	20,972	45,878
Hands at Work	28,722	57,820
School Connect	-	17,528
Volunteer Leader	19,889	-
Board Restricted	-	22,858
Total temporarily restricted assets	<u>\$ 84,957</u>	<u>\$ 153,694</u>

6) Subsequent events

Management has evaluated subsequent events through November 9, 2010 the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

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REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Hands on New Orleans, Inc.
New Orleans, Louisiana

We have audited the financial statements of Hands on New Orleans, Inc. (a nonprofit organization), as of and for the year ended June 30, 2010, and have issued our report thereon dated November 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Hands on New Orleans, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hands on New Orleans, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Hands on New Orleans, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal-awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

November 9, 2010

Wegman Dayt + Company

HANDS ON NEW ORLEANS, INC.
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2010

Section I Summary of Auditors' Report

A) Financial Statements

Type of auditors' report issued: Unqualified

Internal Control over financial reporting:

- | | | | | |
|--|-------|-----|-------|----|
| • Deficiency in internal control identified | _____ | Yes | __x__ | No |
| • Material weakness(es) identified | _____ | Yes | __x__ | No |
| Noncompliance material to financial statements noted | _____ | Yes | __x__ | No |

B) Federal Awards

For the year ended June 30, 2010, Hands on New Orleans, Inc. was not subject to OMB Circular A-133 Audits of States, Local Government and Non-Profit Organizations.

Section II Financial Statement Findings

None Noted

Section III Federal Award Findings and Questioned Costs

Not applicable.